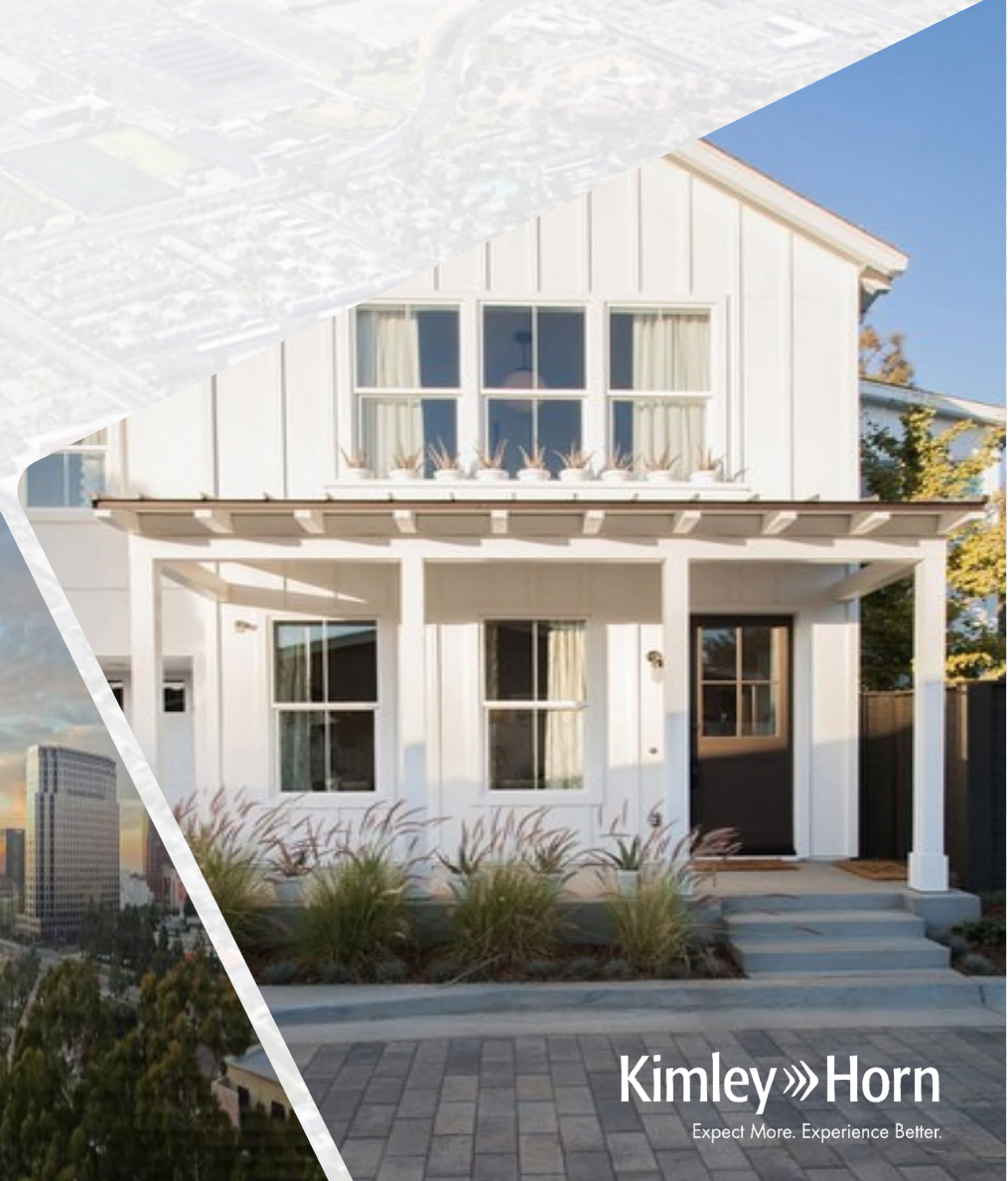




Housing Element Update

2021-2029

City Council Study Session
March 23, 2021



Agenda

- Summary of Housing Element Update Process
- Community Outreach
- Community Profile
- Site Inventory Analysis
- Next Steps



An aerial photograph of a city skyline at dusk. The sky is a mix of orange, yellow, and grey clouds. Several tall, modern skyscrapers are visible in the background, some with lights reflecting off their glass facades. In the foreground, there are dense green trees and a winding road. The overall scene is a blend of urban architecture and nature.

Housing Element Update Process

Housing Element Background

- One of the required elements of the City's General Plan
- Unique in that it is the only element that requires adoption by the State Department of Housing and Community Development (HCD)
- Required to be updated on 8-year cycles
- Requires a General Plan Amendment and at least one public hearing by Planning Commission and City Council
- Required to be adopted locally by October 15, 2021.



Housing Element Features

- Community profile
- Evaluation of housing constraints and resources
- Evaluation of current programs and policies
- Analysis and identification of sites to accommodate the City's RHNA allocation
- Policies, programs, and quantified objectives to achieve the City's identified housing goals



Costa Mesa RHNA Allocation

Income Category	% of Area Median Income (AMI)	Affordable Monthly Rent ¹	Income Range ²		RHNA Allocation (Housing Units) ³
			Minimum	Maximum	
Very Low Income	0 - 50% AMI	\$961-\$1,281	--	\$51,500	2,919 units
Low Income	51 – 80% AMI	\$2,561	\$51,501	\$82,400	1,794 units
Moderate Income	81 – 120% AMI	\$3,090	\$82,401	\$133,900	2,088 units
Above Moderate Income	>120% AMI	> \$3,090	\$133,901	--	4,959 units
TOTAL:					11,760 units

1. 30% gross household income as affordable for a family of 4 and includes utilities/services such as basic water, sewer, and trash.

2. Income range is based on the 2020 Area Median Income (AMI) for Orange County of \$103,000.

3. Final RHNA Allocation adopted by SCAG on March 4th, 2021.

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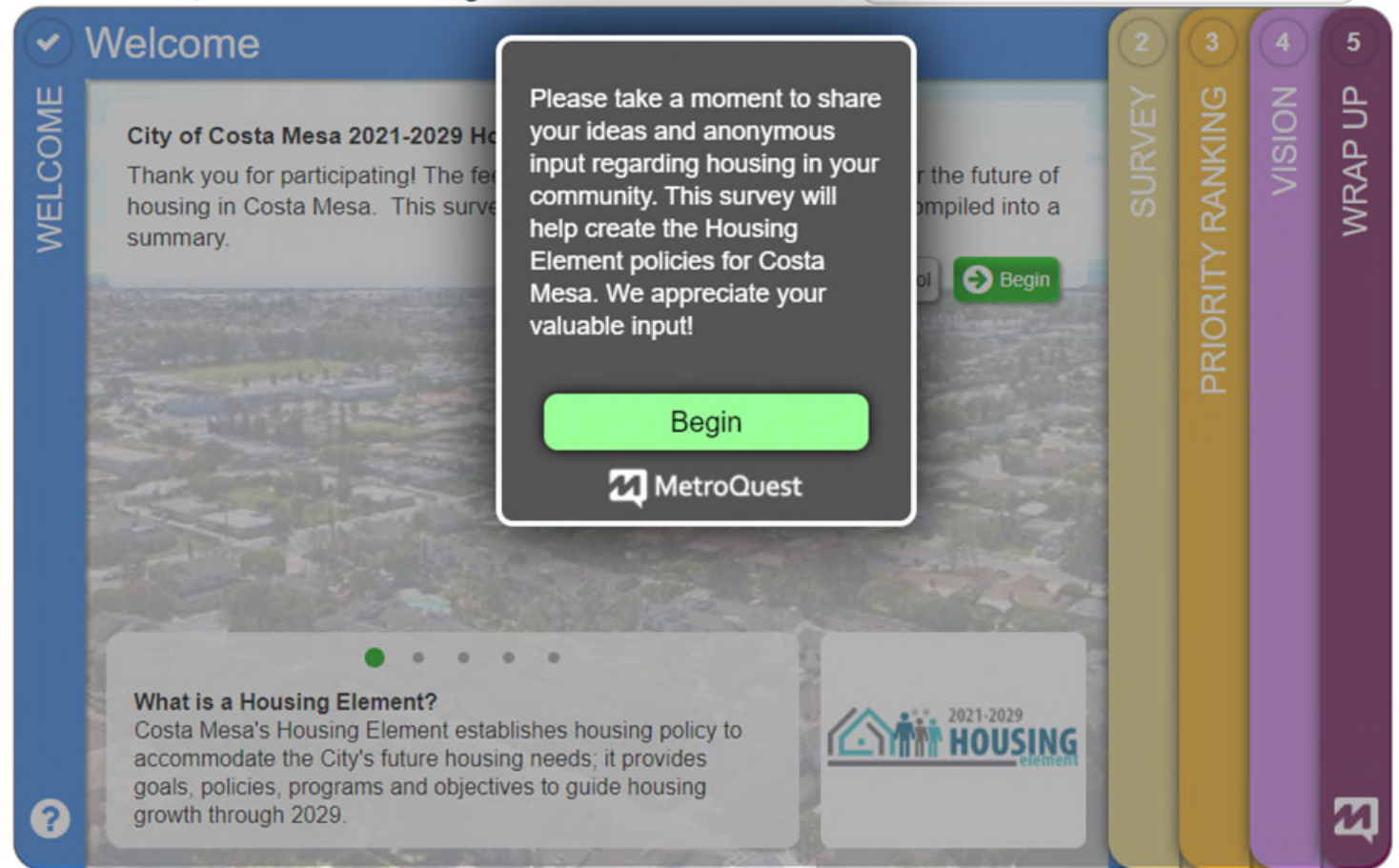
Community Outreach

Community Outreach Summary

- The following outreach efforts have been completed for the Housing Element Update:
 - Virtual Townhall Meetings (November 18th, 2020)
 - Community Surveys (available November 23rd, 2020 to February 22nd, 2021)
 - District Specific Meetings (February 17th and 18th, 2021)
 - Subject Matter Expert Meetings
 - Home Builders/Developers
 - Housing Advocacy Groups
 - Homeless Services Providers
- Outreach materials provided in English and Spanish
- Social media, community platforms, and online engagement
- City producing short informational topic-based outreach videos

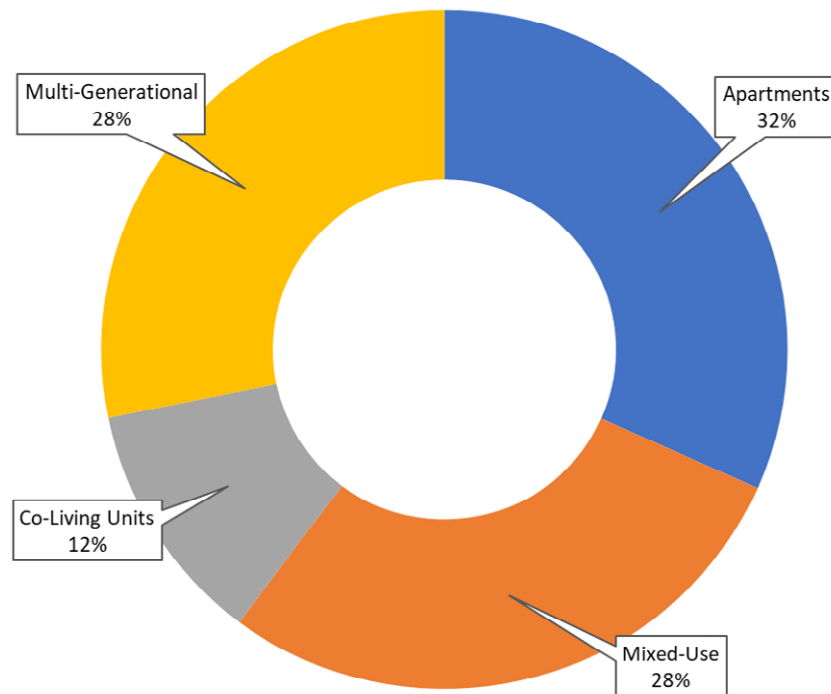
Community Survey Initial Feedback

- 465 total survey responses in English and Spanish
- Survey was available for approximately 3 months
- Survey asked questions about:
 - Types of housing growth
 - Potential housing areas
 - Community Vision

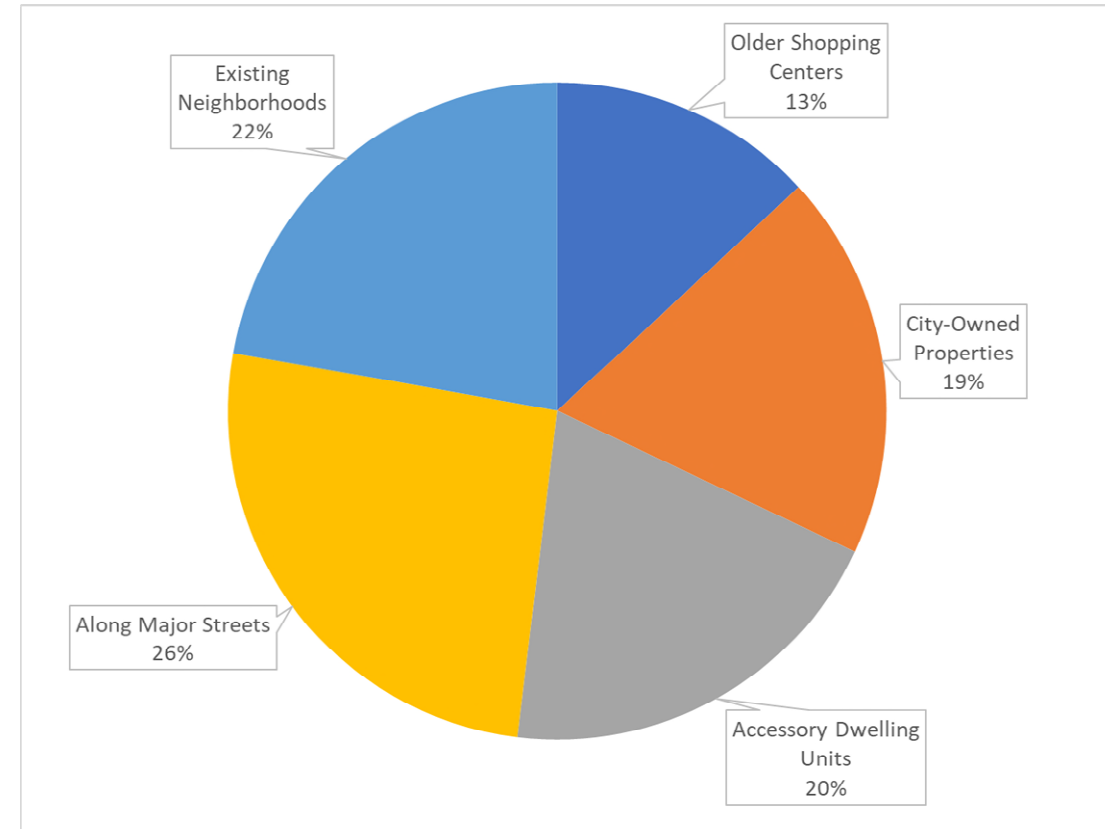


Community Survey Initial Feedback

Types of multi-family housing that would best help Costa Mesa provide housing for all residents



Preferred Areas to Prioritize for Housing Development



Community Outreach Qualitative Data

- A summary of the overall themes is included within the Council Agenda Report
- Major themes:
 - Location of Housing
 - Density
 - Range of Housing Types
 - Affordability
 - Open Space
 - Parking concerns for new housing



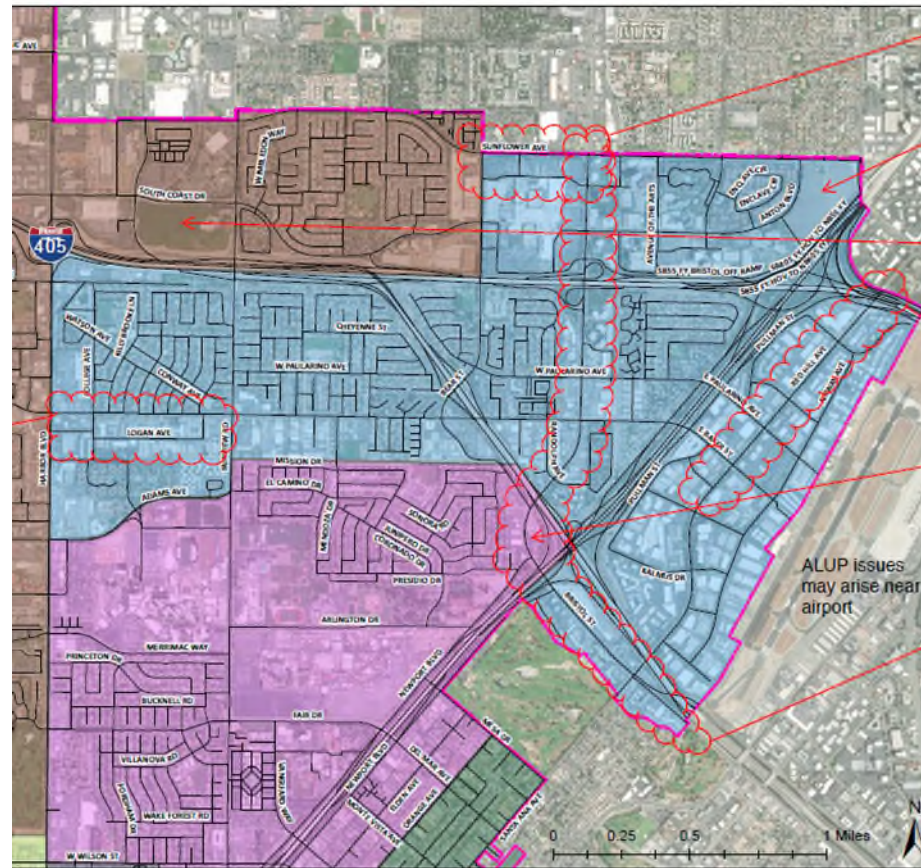
District Meetings

- Districts 1, 2, 3, and Spanish session (2/17/21)
 - Participants: 46
- Districts 4, 5, 6, and Spanish session (2/18/21)
 - Participants: 55
- Meetings Focused on:
 - Potential development areas and housing types within each district
 - Unique characteristics and history
 - Opportunities and challenges within each district
- Meeting notes and recordings are available on the Housing Element Update website



District Meetings

- Housing in the Community
 - Opportunities and Challenges
- Unique Considerations
 - Community Services
 - Housing Types
 - Community members guided discussion
- Vision for future of housing
- New or innovative trends and ideas



- Potential for mixed-use opportunity
- Vacant parcel, existing development agreement and Specific Plan - Mixed Use
- Undeveloped property, development agreement
- Red Hill Corridor
- Drive-in car wash areas may present an opportunity - may be County owned
- ALUP issues may arise near airport
- Bristol Corridor
- Potential overlays along Newport Blvd and South Harbor



Subject Matter Expert Meetings

- Home Builders/Developer Summary
 - By right residential zoning in appropriate areas
 - Lower parking standards to match parking demand for large residential complexes
 - Uncertainty associated with the Measure Y process discourages investment
 - Expedite and streamline application process
 - Provide a clear, comprehensive fee schedule
 - Defer impact fees
- Housing Advocacy Groups Summary
 - Housing Element should plan for workforce housing
 - Housing development has been unbalanced
 - Combine changes in zoning with an inclusionary housing ordinance
 - Provide by right zoning for housing development in appropriate locations
 - Partner with churches and City-owned properties to develop housing
 - Housing should be equitable and distributed fairly in the community
 - Need for larger units to accommodate larger households at affordable levels

Subject Matter Expert Meetings

- Homeless Services Providers
 - City outreach and educational materials for persons experiencing homelessness to learn about their options and available services
 - Partnership between City and Service Providers
 - Housing with supportive services
 - Landlord/financial incentive programs / Reduction in impact fees and parking
 - Tenant Based Rental Assistance Programs
 - Communal living options
 - By-right approval and inclusionary housing requirements

Additional Meetings

- Project team is currently evaluating additional outreach opportunities that would be beneficial to the update process
- The City is currently meeting with additional community groups and major landowners to get sites and program related feedback



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Community Profile

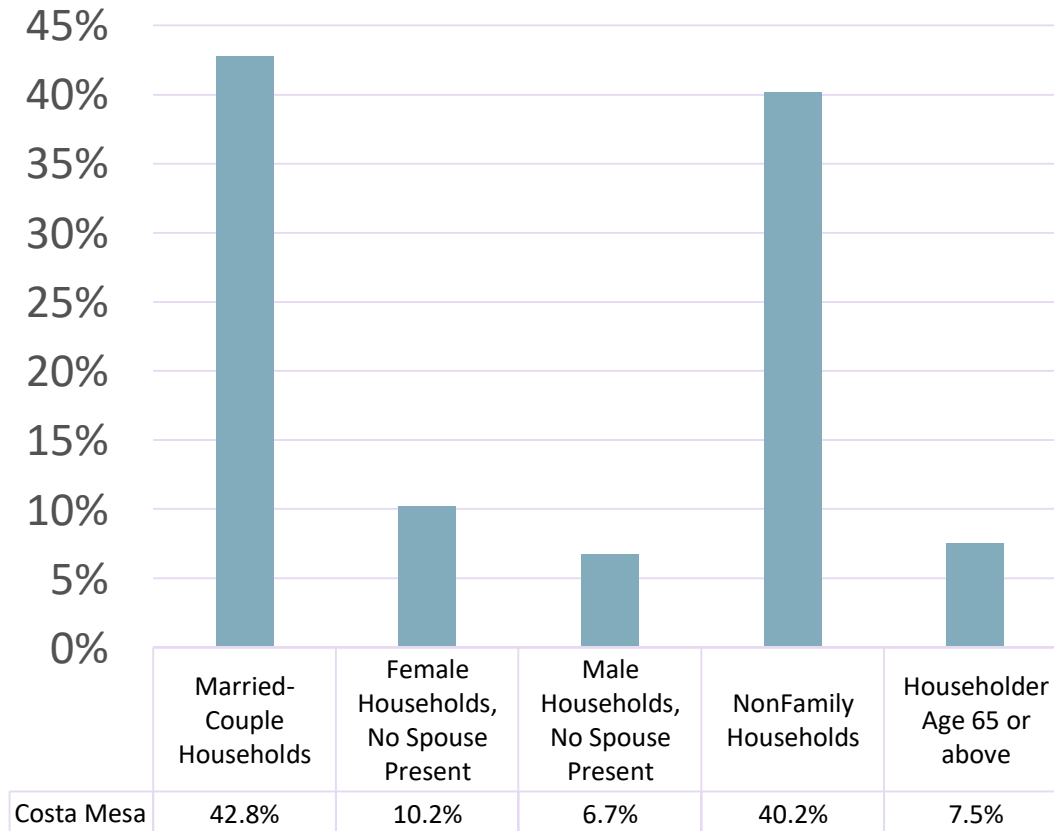
Community Profile

- The community profile describes the current demographic, economic, and housing characteristics within Costa Mesa
- Data comes from multiple sources, most of which are projections benchmarked off U.S. Census data
- The community profile informs programs and policies within the Housing Element that are tied to the City's specific characteristics



Community Profile Data Excerpts

Household Characteristics, 2018



Average Household Size

Jurisdiction	Average Persons per Household
Newport Beach	2.3
Costa Mesa	2.7
Irvine	2.7
Santa Ana	4.3
Huntington Beach	2.6
Orange County	3.0
Source: American Community Survey, 5-Year Estimates, 2018.	

Community Profile Data Excerpts



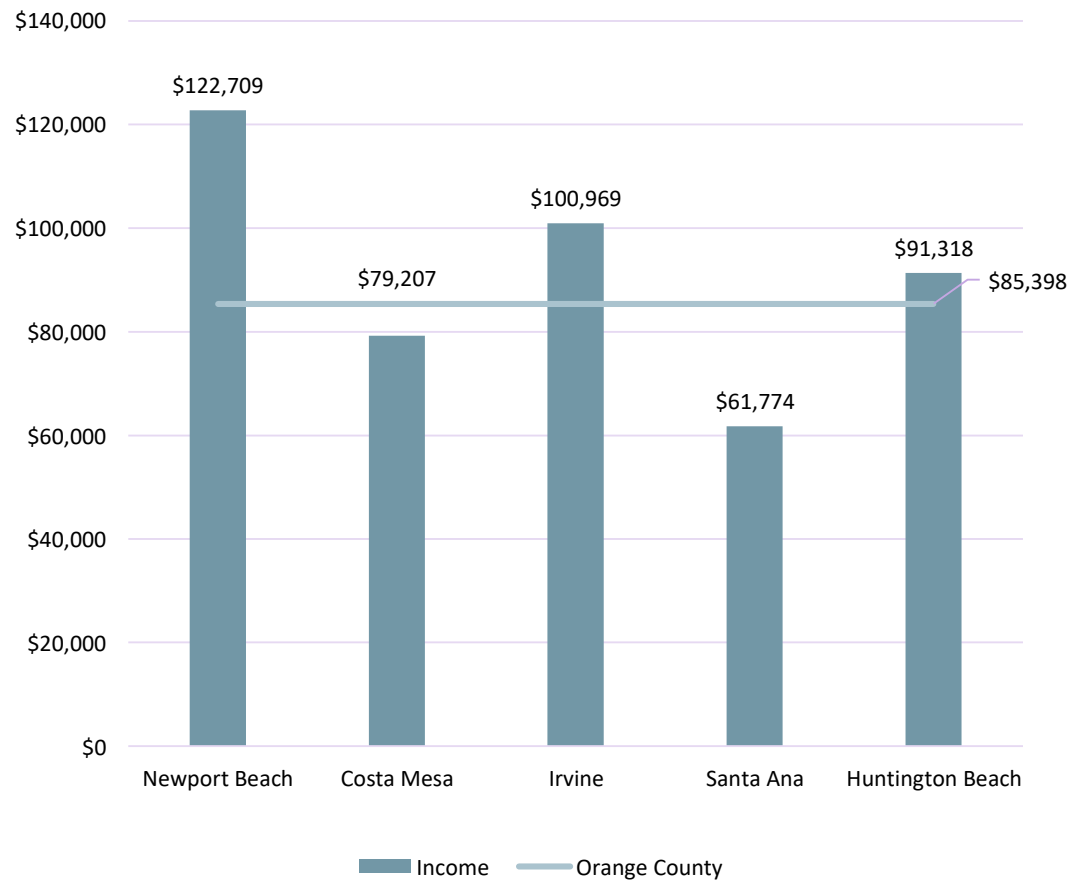
Households by Income Category, 2020

Income Category (% of Orange County's AMFI)	No. of Households	Percent
Extremely Low (30% AMFI or less)	6,610	16.3%
Very Low (31 to 50% AMFI)	5,220	12.9%
Low (51 to 80% AMFI)	7,325	18.1%
Moderate or Above (over 80% AMFI)	21,405	52.8%
Total	40,555	100%

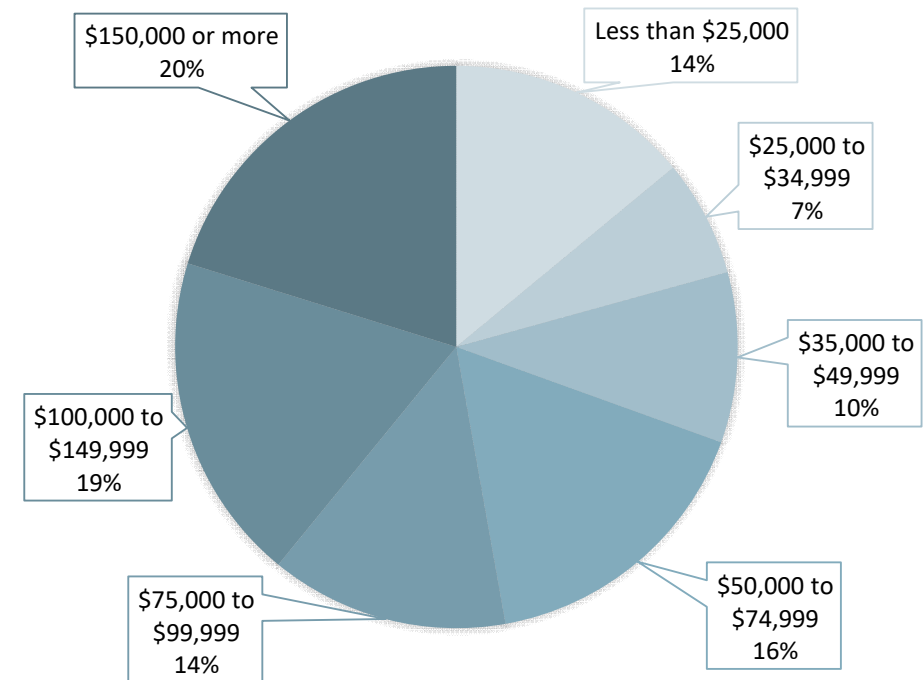
Source: Department of Housing and Urban Development (HUD) Comprehensive Housing Affordability Strategy (CHAS), 2013-2017.

Community Profile Data Excerpts

Median Household Income by City, 2018



Costa Mesa Household Income Breakdown



Community Profile Data Excerpts

Special Needs Groups in Costa Mesa

Special Needs Groups	# of People or Households	Percent of Total Households	Percent of Total Population
Senior Population	12,138 people	--	10.7%
Senior Headed Households	9,757 people	--	8.6%
Seniors Living Alone	3,075 households	7.5%	--
Persons with Disabilities	9,224 people	--	8.1%
Large Households (5 or more persons per household)	3,926 households	9.6%	--
Single-Parent Households	3,787 households	9.2%	--
Single-Parent, Female Headed Households with Children (under 18 years)	2,304 households	5.7%	--
People Living in Poverty	14,554 people	--	12.9%
Farmworkers	557 people	--	0.5%
Individuals Experiencing Homelessness	193 people	--	0.2%

Source: American Community Survey, 5-Year Estimates, 2018; Orange County Point in Time County /Homeless Count, 2019.

Overcrowded Housing Units

Jurisdiction	Total Overcrowded Units	Percent of Jurisdiction's Total Housing Units
Newport Beach	570	1.5%
Costa Mesa	3,686	9%
Irvine	5,879	6.2%
Santa Ana	23,845	31.2%
Huntington Beach	2,848	3.7%
Orange County	91,513	8.9%

Source: American Community Survey, 5-Year Estimates, 2018.

Community Profile Data Excerpts



Total Housing Units by Type								
Jurisdiction	Single- Family Detached		Single-Family Attached		Multi-Family		Mobile Homes	
	Count	Percent	Count	Percent	Count	Percent	Count	Percent
Costa Mesa	16,236	37.7%	4,119	9.6%	21,692	50.3%	1,025	2.4%
Orange County	553,164	50.7%	133,326	12.2%	374,176	34.3%	30,227	2.8%
Source: American Community Survey, 5-Year Estimates, 2018.								

Occupied Housing Units by Type and Tenure					
Tenure	Single-Family Detached	Single-Family Attached	Multi-Family	Mobile Homes	Total Occupied Units
Owner Occupied	76.1%	12.6%	6.6%	4.6%	40.4%
Renter Occupied	14.1%	7.9%	77.1%	0.8%	59.6%
Source: American Community Survey, 5-Year Estimates, 2018.					

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Sites Inventory Analysis

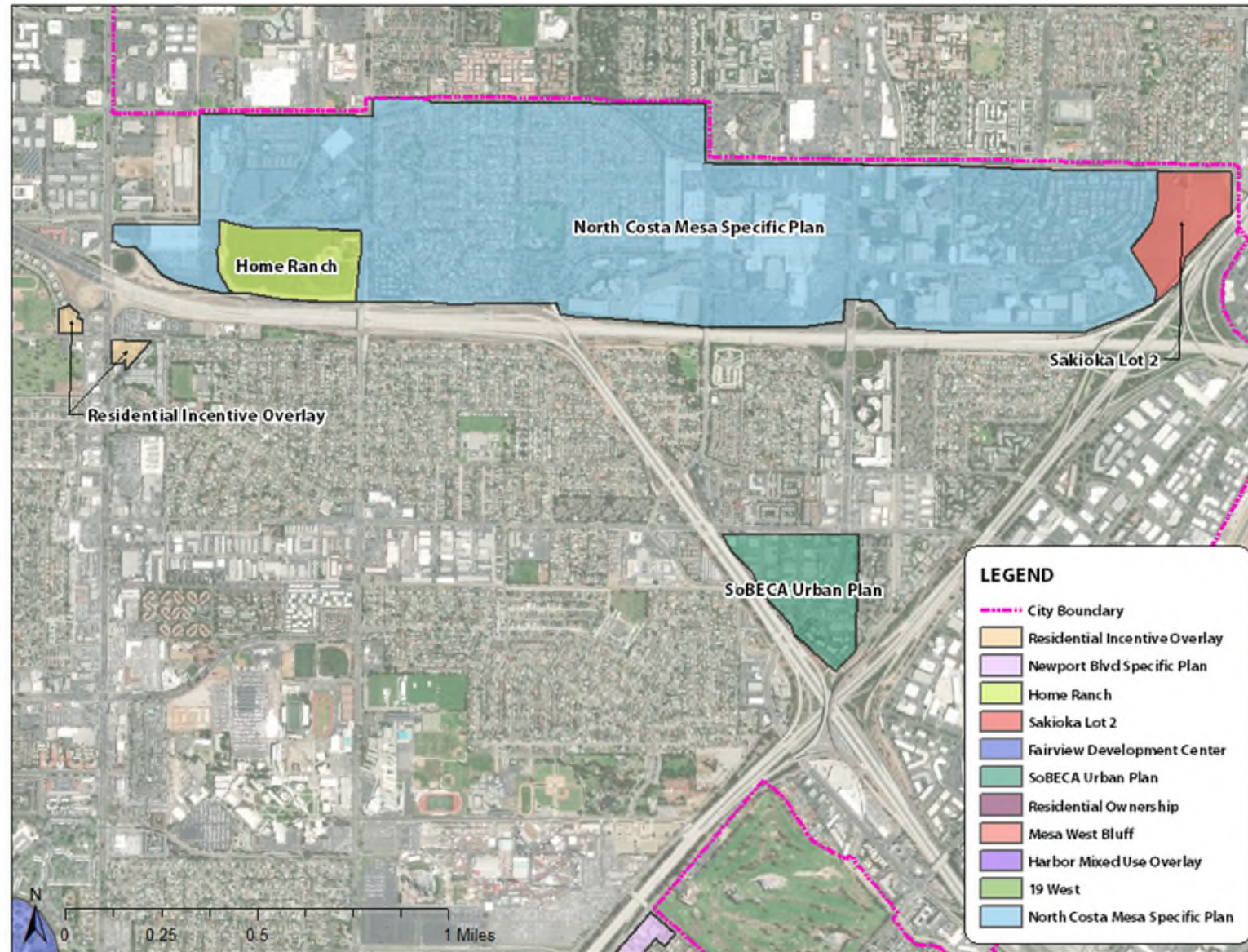
Sites Selection

- The project team is currently determining:
 - Existing capacity
 - Characteristics/locations of existing City overlays/urban plans/specific plans
 - Community feedback on potential housing locations
 - Properties likely to develop within the planning period
 - Potential zoning strategies to accommodate the City's RHNA need
- Sites identified to meet the lower income needs must accommodate the City's default density of 30 dwelling units per acre
 - Base residential density is 20 dwelling units per acre
 - Current zoning does not accommodate RHNA

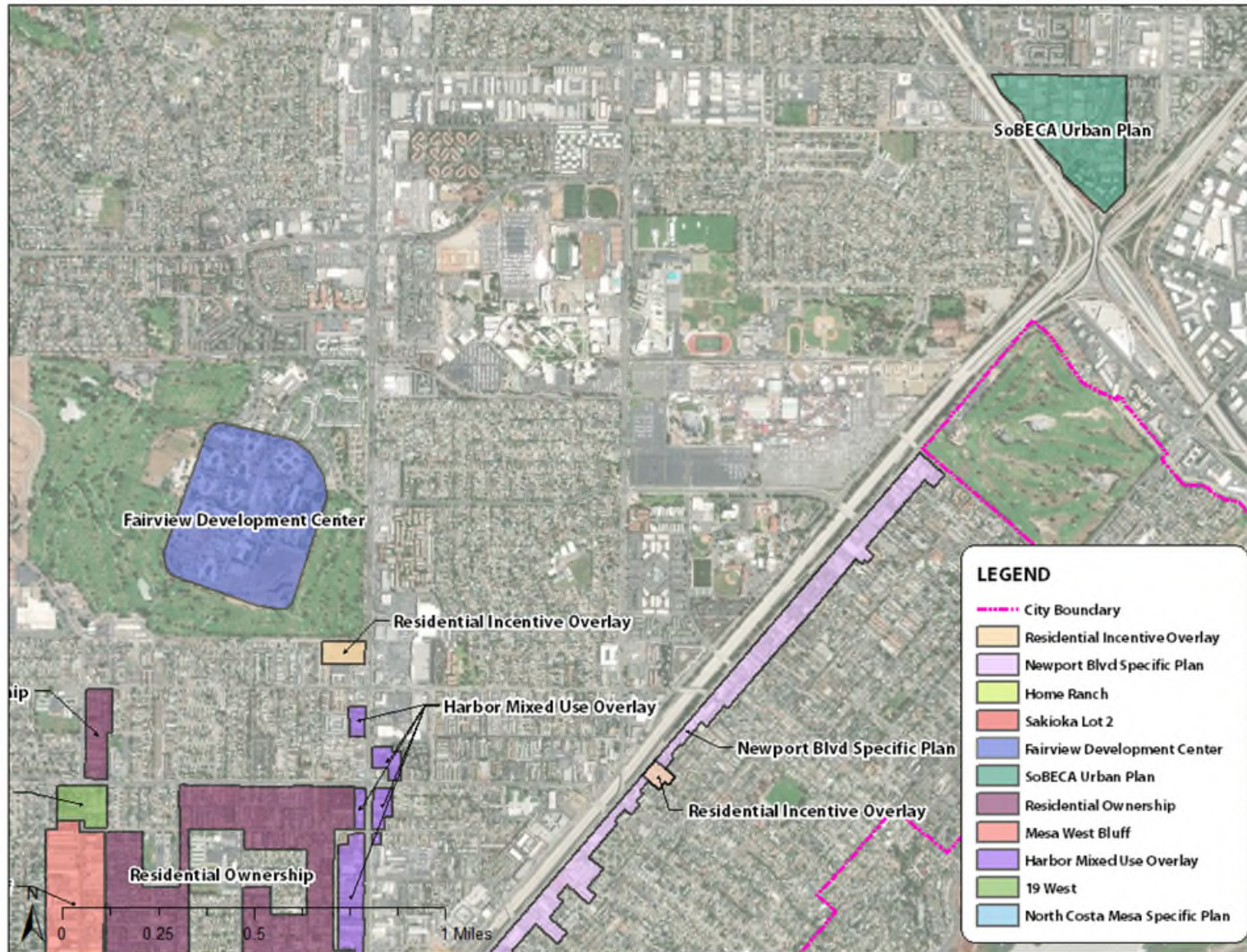
Development Capacity in Overlays/Urban Plan Areas

- Specific Plans/Urban Plans
 - Newport Blvd Specific Plan, 17.4 du/ac
 - North Costa Mesa Specific Plan, 30 du/ac
 - SoBECA, 40 du/ac
 - 19 West Urban Plan, 20 du/ac
 - Mesa West Bluffs Urban Plan
- Overlays
 - Residential Incentive Overlay (Harbor Blvd.), 30 du/ac
 - Residential Incentive Overlay (Newport Blvd.), 30 du/ac
 - Harbor Mixed-Use Overlay, 40 du/ac
 - Mesa West Residential Ownership Overlay
- Additional Areas for Consideration
 - Fairview Developmental Center
 - 582 dwelling units identified in General Plan
 - Continued discussion with the State for additional housing at the site

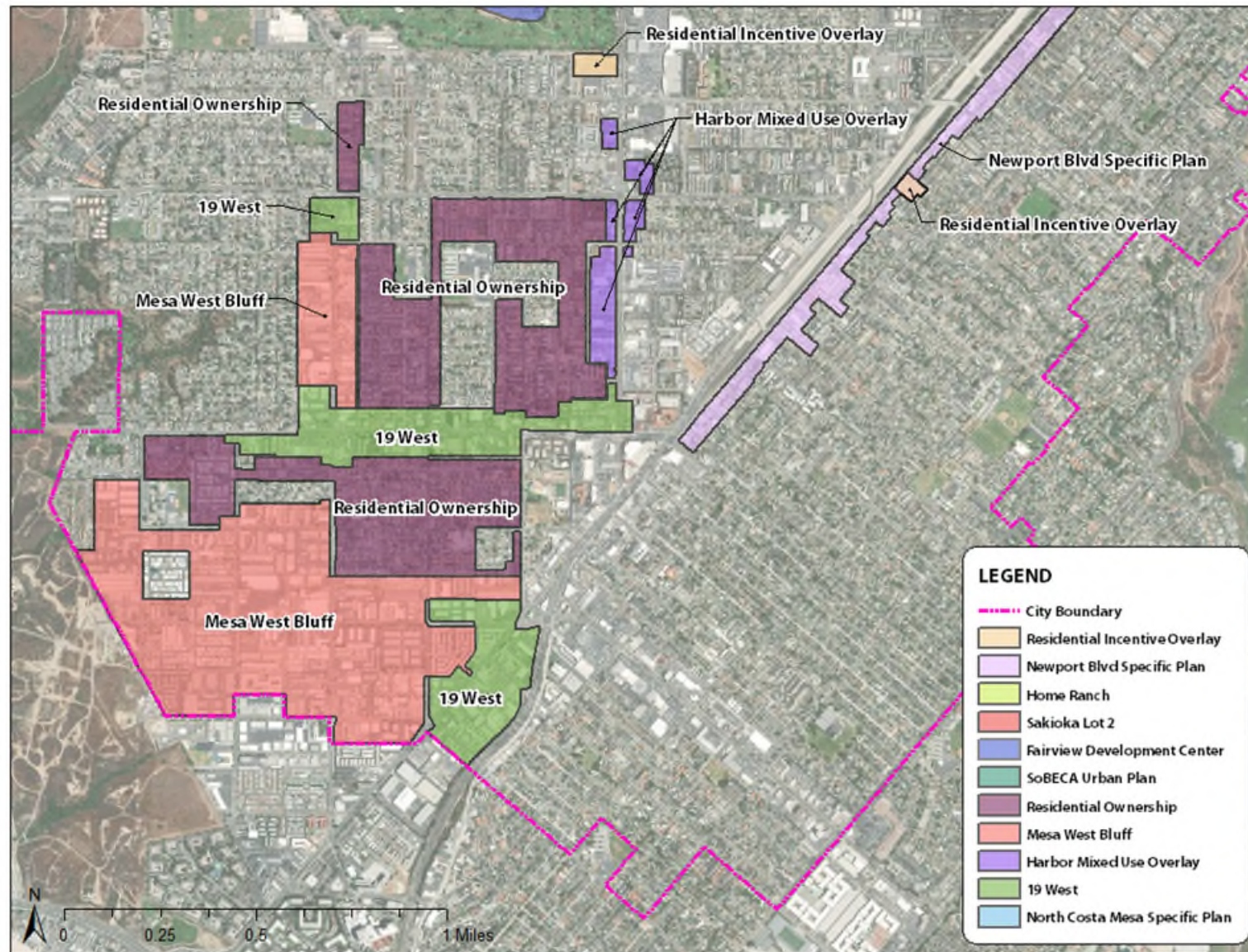
North Costa Mesa Area



Harbor Mixed-Use, Newport Blvd, FDC



19 West, Mesa West, Res. Ownership



Development Capacity in Overlays/Urban Plan Areas

Income Category	RHNA (Units Needed)	Potential Housing Units in Overlay/Urban Plan Areas	Remaining Need
Very Low	2,919	1,971	(2,742)
Low	1,794		
Moderate	2,088	2,148	(4,899)
Above Moderate	4,959		
Total	11,760	4,119	(7,641)

The next analysis will focus on ways to meet the City's remaining need. This may include Accessory Dwelling Units (ADUs), Fairview Developmental Center, or other strategies discussed in the next few slides.

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Opportunities and Considerations

Community Feedback on Housing Growth

- From the Community Survey:
 - Older Shopping Centers, City Owned properties, and along Major Streets were top three
 - ADUs were important and are determined separately
- From the District Meetings:
 - Consider impacts of traffic
 - Consider locations of existing neighborhoods
 - Consider proximity to open space
 - Industrial areas (for example, along Logan Ave/Airport Area/Westside Costa Mesa)
 - Along major corridors (for example, Bristol St/Harbor Ave/Newport Blvd)
 - Complementary mixed-use or live-work in smaller commercial corridors (19th west/17th east)
 - Diversity between renter and ownership opportunities
 - Evaluate existing overlays, urban plans, specific plans for community goals/effectiveness
 - Missing middle housing and gentle density

Potential Strategies

- Evaluate current overlays, specific plans, and urban plans to determine if they can accommodate the ideas/concepts the community has expressed.
- If not determine potential revisions for these areas. This could include:
 - Revising allowed densities
 - Applying overlays to new geographic areas
 - Amending specific plan/urban plan boundaries



Potential Strategies

- Create a new residential overlay that permits development at the default density
- Identify parcels within areas of focus identified in outreach process to apply the overlay (Commercial areas, transit corridors, adjacent to open space, etc)
- Determine characteristics, including density, affordability, and others.



Measure Y

- Measure Y may present a challenge to the City obtaining a compliant Housing Element
- May apply to rezones needed to meet the state-mandated RHNA allocation
- Adopting and maintaining a compliant Housing Element in the context of Measure Y is an important issue warranting continued conversations with the Costa Mesa community, housing advocates, property owners and City staff and officials



No Net Loss

- Senate Bill 166
- No Net Loss requires cities to maintain an adequate inventory of identified sites to meet their remaining RHNA at all time throughout the planning period
- If No Net Loss comes into effect, the City has 180 days to find additional capacity through identification of more sites or rezoning
- City must make realistic assumptions of future development and/or include a buffer to try and avoid this
- If City cannot find additional sites to identify, analyze, and get approval from HCD, the Housing Element will be out of compliance



Housing Element Non-Compliance

- The City could be subject to the following actions if a compliant Housing Element is not adopted:
 - Potential loss of eligibility for certain future State grant funds
 - Potential loss of some level of local control over development
 - HCD may forward a noncompliance case to the California Office of the Attorney General
 - A court shall suspend the City's authority to issue building permits and other approvals
 - Outside groups could sue the City for a non-compliant Housing Element

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Next Steps

Next Steps

- Continue community outreach
 - Informational videos to be released on social media platforms
 - Focused meetings
- Finalize draft Constraints and Resources, Sites Analysis, and Housing Programs and Policies
- Joint Planning Commission and City Council Study Session in April
- Release Public Review Draft Housing Element (30 days)
 - Review public feedback
- HCD Review Draft Housing Element (60 days)
- Final Draft 2021-2029 Housing Element
- Local adoption of the Housing Element by October 15, 2021